

COMMONWEALTH OF KENTUCKY  
FAYETTE CIRCUIT COURT  
22<sup>nd</sup> JUDICIAL CIRCUIT  
DIVISION 3  
CASE NO. 11-CI-4922

SEP 27 2011

COMMONWEALTH OF KENTUCKY, EX. REL.  
JACK CONWAY, ATTORNEY GENERAL

PLAINTIFF

V. COMPLAINT

NATIONAL COLLEGE OF KENTUCKY, INC.

DEFENDANT

Serve: Theodore E. Cowen  
Grasch, Walters & Cowen, PSC  
302 West High Street  
Lexington, Kentucky 40507-1831  
REGISTERED AGENT

Comes the Plaintiff and for his Complaint against Defendants states as follows:

**PARTIES, JURISDICTION AND VENUE**

1. Plaintiff is the duly elected Attorney General of the Commonwealth of Kentucky and is responsible for the enforcement and administration of Kentucky law, including the consumer protection laws set forth in Kentucky Revised Statutes (KRS) Chapter 367. Plaintiff is sometimes referred to herein as "Plaintiff" or "Attorney General".

2. Defendant National College of Kentucky, Inc. is a Kentucky corporation and has its principal office at 2376 Sir Barton Way, Lexington, Kentucky 40509. National College of Kentucky, Inc. owns and operates the for-profit post-secondary career college known as "National College" with campuses in Danville, Florence, Lexington, Louisville, Pikeville, and

Richmond, Kentucky. Hereinafter Defendant shall be referred to as “Defendant” or “National College.”

### GENERAL STATEMENTS

9. Plaintiff brings this suit against Defendant for engaging in unfair, false, misleading and deceptive trade practices in violation of KRS 367.170. Plaintiff alleges herein that Defendant has provided and continues to provide false, misleading and deceptive information to consumers about its job placement rates.

10. National College offers Diplomas, Associate Degrees or Bachelor Degrees in careers such as, medical office assistant, surgical technology, nursing, information systems engineering, and business administration. Tuition at National College ranges from approximately \$11,000 for some diplomas, approximately \$29,000 for some Associate Degrees, and \$55,000 for some Bachelor Degrees. The most recent Trial Three Year Cohort Default Rate on federal student loans for National College is 28.59%.

11. Upon information and belief, National College has held itself out and continues to hold itself out as existing for the “purpose to educate men and women for the duties and responsibilities of business life and to help place them in positions which hold ample opportunities for career advancement.” National College represents that “programs of study at National College are career-oriented.” It has represented and continues to represent to consumers that the “curricula at National College ... concentrat[es] on essential professional skills that will lead toward employment in a specific career field.” *See Exhibit C.*

12. Upon information and belief, prior to and during 2008 through at least December 2010 or later, Defendant represented to consumers:

We at National College believe our success as an institution is best measured by the success of our students. And, when we look at the thousands of men and women who bear the distinction of being National College graduates, we're more than a little proud. In a highly competitive global economy, our graduates continue to distinguish themselves with performance and unmatched professionalism. The **91% employment rate** our graduates have garnered also says a lot about who they are and stands as a testament to National's winning approach to career-focused education.

See Exhibit A.

13. Upon information and belief, beginning during or before 2008 and continuing through December **2010** and later Defendant represented or caused to be represented to consumers the following graduate employment rates for each campus:

**Lexington 94%;**

**Louisville 96%;**

**Pikeville 84%;**

**Richmond 91%.**

14. The employment rates referenced in Paragraph 13 appeared on a webpage entitled "**About National**" which touted the "Success Rates" of National College graduates. The specific campus employment rates referenced were listed under the heading: "**Success at a Glance: Graduate Employment Rate by Campus.**" See Exhibit A.

15. Upon information and belief, in or around September 2010, National College reported to its accreditor, Accrediting Council for Independent Colleges and Schools ("ACICS"), employment numbers showing that its job placement rate for graduates from the **Lexington Campus** for the period July 1, 2009 to June 30, 2010 was **79.5%**.

16. Upon information and belief, in or around September 2010, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Louisville Campus** for the period July 1, 2009 to June 30, 2010 was **60.1%**.
17. Upon information and belief, in or around September 2010, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Pikeville Campus** for the period July 1, 2009 to June 30, 2010 was **70.3%**.
18. Upon information and belief, in or around September 2010, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Richmond Campus** for the period July 1, 2009 to June 30, 2010 was **78.2%**.
19. Upon information and belief, in or around September 2009, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Lexington Campus** for the period July 1, 2008 to June 30, 2009 was **82.0%**.
20. Upon information and belief, in or around September 2009, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Louisville Campus** for the period July 1, 2008 to June 30, 2009 was **65.1%**.
21. Upon information and belief, in or around September 2009, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Pikeville Campus** for the period July 1, 2008 to June 30, 2009 was **71.6%**.
22. Upon information and belief, in or around September 2009, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Richmond Campus** for the period July 1, 2008 to June 30, 2009 was **80.6%**.

23. Upon information and belief, in or around September 2008, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Lexington Campus** for the period July 1, 2007 to June 30, 2008 was **83.6%**.
24. Upon information and belief, in or around September 2008, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Louisville Campus** for the period July 1, 2007 to June 30, 2008 was **67.2%**.
25. Upon information and belief, in or around September 2008, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Pikeville Campus** for the period July 1, 2007 to June 30, 2008 was **77.4%**.
26. Upon information and belief, in or around September 2008, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Richmond Campus** for the period July 1, 2007 to June 30, 2008 was **79.3%**.
27. Upon information and belief, in or around September 2007, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Lexington Campus** for the period July 1, 2006 to June 30, 2007 was **86.7%**.
28. Upon information and belief, in or around September 2007, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Louisville Campus** for the period July 1, 2006 to June 30, 2007 was **73.5%**.
29. Upon information and belief, in or around September 2007, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Pikeville Campus** for the period July 1, 2006 to June 30, 2007 was **69.1%**.

30. Upon information and belief, in or around September 2007, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Richmond Campus** for the period July 1, 2006 to June 30, 2007 was **81.6%**.

31. After being notified by the Attorney General that it was under investigation in December 2010, Defendant changed its website and began to represent or cause to be represented, and continues to represent or causes to be represented, to consumers that:

We at National College believe our success as an institution is best measured by the success of our students. And, when we look at the thousands of men and women who bear the distinction of being National College graduates, we're more than a little proud.

In a highly competitive global economy, our graduates continue to distinguish themselves with performance and unmatched professionalism.

The **84% employment rate** our graduates have garnered also says a lot about who they are and stands as a testament to National's winning approach to career-focused education.

The employment rates illustrated below reflect the number of graduates who have obtained employment, or who are employed in any field, within 90 days of the end of the academic year in which they graduated. (*Our graduation rate is calculated using data obtained by tracking students who graduated between July 1, 2009 and June 30, 2010.*) It can be noted that the employment rate may rise even higher when graduates obtain employment after the date of calculation. We strive to obtain accurate and reliable information about our graduation employment rates; therefore, we obtain our success and placement data from our graduates' employers. The employment rates listed below were calculated by dividing the number of employed students by the total number of graduates, excluding those students who were not available for employment and who were not seeking employment.

This change in the website occurred sometime between December 15, 2010 when the Attorney General served National with a civil investigatory Subpoena and Investigative Demand and March 15, 2011. See Exhibit B.

32. Appearing after the text set-out in Paragraph 31, National College represents the following employment rates for graduates during the period July 1, 2009 to June 30, 2010 from each campus:

**Lexington-91%**

**Richmond-87%**

**Danville -84%**

**Florence-83%**

**Louisville-81%**

**Pikeville-78%.**

33. In addition to the reports National College provided to its accreditor with respect to the other campuses as stated in paragraphs 15 through 30, upon information and belief, in or around September 2010, National College reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Danville Campus** for period July 1, 2009 to June 30, 2010 was **71.3%**.

34. Upon information and belief, in or around September 2010, National College also reported to its accreditor, ACICS, employment numbers showing that its job placement rate for graduates from the **Florence Campus** for period July 1, 2009 to June 30, 2010 was **66.7%**.

35. The information National College has reported to its accreditor showing the rate that its graduates become employed is lower than the rates which National College represents to consumers.

36. National College has provided and continues to provide false and misleading information to consumers about the percentage of graduates who become employed in the career they studied at National College. National College has represented and continues to represent to consumers,

through false, misleading and deceptive statements, that graduates of National College become employed in the career they studied at a higher rate than they actually do.

37. Moreover, upon information and belief, National College not only provided false and misleading information to consumers that graduates were employed in their career studied at a greater rate than they actually were, National College provided false, misleading and deceptive information to consumers about the employment rate generally for National College graduates. Prior to the change to their website in 2011, National College represented to consumers that a greater percentage of National College graduates were employed than actually even were employed.

#### **COUNT I**

##### **FALSE, DECEPTIVE AND MISLEADING REPRESENTATIONS REGARDING GRADUATE EMPLOYMENT IN CAREER STUDIED**

38. The allegations of Paragraphs 1 through 37 are hereby incorporated.

39. Defendant engaged in unfair, false, misleading and deceptive acts and practices in the conduct of trade or commerce in violation of KRS 367.170 by making false and misleading statements to consumers that the employment rate for graduates in the career they studied was greater than it actually was.

40. The aforementioned acts and practices constitute willful violations of the prohibition against unfair, false, misleading or deceptive acts and practices in violation of KRS 367.170.

#### **COUNT II**

##### **FALSE, DECEPTIVE AND MISLEADING REPRESENTATIONS REGARDING GRADUATE EMPLOYMENT IN CAREER STUDIED (2011-Present)**

41. The allegations of Paragraphs 1 through 40 are hereby incorporated.



42. Defendant has engaged in and continues to engage in unfair, false, misleading and deceptive acts and practices in trade or commerce in violation of KRS 367.170, in that it continues to provide false and misleading information to consumers that graduates obtain employment in the career they studied at a greater rate than they actually do.

43. The aforementioned practices constitute willful violations of the prohibition against unfair, false, misleading or deceptive acts and practices in violation of KRS 367.170.

### **COUNT III**

#### **FALSE, DECEPTIVE AND MISLEADING REPRESENTATIONS REGARDING GENERAL EMPLOYMENT RATES OF GRADUATES**

44. The allegations of Paragraphs 1 through 43 are hereby incorporated.

45. Defendants have engaged in unfair, false, misleading and deceptive acts and practices in trade or commerce in violation of KRS 367.170 by making false and misleading statements to consumers that graduates become employed following graduation at greater rates than they actually do.

46. The aforementioned acts and practices constitute willful violations of the prohibition against unfair, false, misleading or deceptive acts and practices in violation of KRS 367.170.

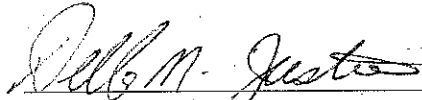
**WHEREFORE**, Plaintiff prays for judgment as follows:

- a) That Defendant, pursuant to KRS 367.190, be enjoined from further practices constituting unfair, false, misleading or deceptive trade practices, including the practices alleged herein;
- b) For judgment against Defendant finding willful violations of the Kentucky Consumer Protection Act, KRS 367.170;

- c) That the Court award civil penalties against Defendant in the amount of two thousand dollars (\$2,000.00) per each willful violation of KRS 367.170 of the Kentucky Consumer Protection Act pursuant to KRS 367.990(2);
- d) That the Court award Plaintiff's costs, including costs of investigation and attorneys' fees;
- e) For a trial by jury; and
- f) For any and all other relief to which Plaintiff may be entitled.

Respectfully submitted,

**JACK CONWAY  
ATTORNEY GENERAL**



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Todd E. Leatherman  
Executive Director  
Maryellen B. Mynear  
Litigation Manager/Assistant Attorney General  
Della M. Justice  
Assistant Attorney General  
Office of Consumer Protection  
Office of the Attorney General  
1024 Capital Center Dr., Suite 200  
Frankfort, KY 40601  
(502) 696-5389

# National College

A Degree of Difference Since 1864

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## About National

### Success Rates

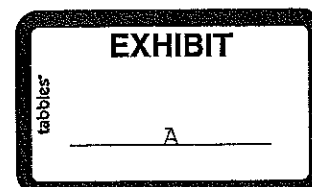
We at National College believe our success as an institution is best measured by the success of our students. And, when we look at the thousands of men and women who bear the distinction of being National College graduates, we're more than a little proud.

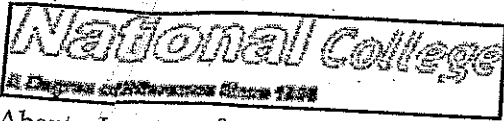
In a highly competitive global economy, our graduates continue to distinguish themselves with exceptional performance and unmatched professionalism.

The 91% employment rate our graduates have garnered also says a lot about who they are and stands as a testament to National's winning approach to career-focused education.

### Success at a Glance: Graduate Employment Rate by Campus

- [Charlottesville](#) - 95%
- [Lexington](#) - 94%
- [Lynchburg](#) - 89%
- [Richmond](#) - 91%
- [Bluefield](#) - 98%
- [Roanoke](#) - 93%
  
- [Nashville](#) - 89%
- [Knoxville](#) - 87%
- [Louisville](#) - 96%
- [Martinsville](#) - 93%
- [Pikeville](#) - 84%
- [Bristol](#) - 88%





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# About National

## Success Rates

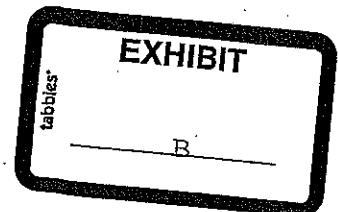
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- Charlottesville - 81%
- Danville - 75%
- Dayton Area - 82%
- Harrisonburg - 80%
- Lexington - 91%
- Lynchburg - 89%
- Richmond - 87%
- Princeton - 90%
- Roanoke - 85%
- Madison - 91%
- Nashville - 82%



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## **Welcome**

Thank you for taking a closer look at National College. Getting a solid education will be one of the biggest factors in deciding whether you get the job you want, so choosing a college is one of the most important decisions you'll ever make. At National College, we are in the business of changing lives. See what we can do for you!

## **Our Purpose**

The fundamental purpose of National College is to educate men and women for the duties and responsibilities of business life and to help place them in positions which hold ample opportunities for career advancement.

The College attempts to instill in our graduates the desire to take initiative in directing their professional lives and the ability to adapt effectively to the challenges and demands of modern business. Our aim is to have the resources, curriculum, staff, and faculty that motivate and prepare students for success in well-defined fields of employment.

## **Academics**

Career opportunities in business and technology continue to expand for well-trained individuals.

The curricula at National College trains each student to take advantage of these opportunities, concentrating on essential professional skills that will lead toward employment in a specific career field. Programs are planned to offer the most efficient methods in business organization and management, so our graduates can meet the expectations of modern business environments.

A major strength of the College is its ability to quickly adjust the curriculum, both to reflect the employment needs of business and industry and to satisfy the career interests of students. Community representatives serving as Campus Advisory Boards provide current and timely advice relative to the employment needs of business, technical, and government organizations. The College also utilizes graduate and employer surveys to provide critical, employment-market information so that its programs can be tailored to meet the changing demands of the marketplace.

## **Structure & Design of Programs**

The programs of study at National College are career-oriented. Students enrolled in a diploma program take a number of entry-level courses which cultivate the skills they need to begin their careers. Students in the associate degree programs take a number of program-specific courses that would normally be offered only as upper-level classes at other institutions. These classes ensure that associate degree graduates are highly competitive job candidates, prepared to excel in their chosen fields. The baccalaureate programs in accounting and management build on the associate degree programs through additional, program-specific courses. This provides an in-depth, well-rounded, and rigorous educational experience, enabling our graduates to compete in the global economy.

The Master of Business Administration program provides Bachelor's degree holders the opportunity to gain graduate-level training and expertise in numerous areas of management. The Master's program utilizes a cross-functional approach to provide the foundational knowledge necessary for managerial efficiency and leadership in both private and public job markets.

**EXHIBIT**

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